

*See 80*

*Annual Report*  
**Satellite Metal Mines  
Limited**



*For the Year Ended  
December 31st, 1966*

AUTHORIZED  
CAPITALIZATION

\$5,000,000 divided into 5,000,000 shares  
of the par value of \$1.00 each

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc. - - - - - TORONTO 18, ONTARIO  
D. W. GORDON - - - - - TORONTO, ONTARIO  
W. C. DURHAM - - - - - TORONTO, ONTARIO  
GORDON L. MOORE - - - - - ISLINGTON, ONTARIO  
PHILIP E. BOYLEN - - - - - WILLOWDALE, ONTARIO  
CHARLES B. BRANNIGAN - - - - - TORONTO, ONTARIO  
F. B. GEE - - - - - WILLOWDALE, ONTARIO

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc. - - - - - PRESIDENT  
D. W. GORDON - - - - - VICE-PRESIDENT  
W. C. DURHAM - - - - - VICE-PRESIDENT  
GORDON L. MOORE - - - - - SECRETARY-TREASURER  
CHARLES B. BRANNIGAN - - - - - ASSISTANT-SECRETARY

TRANSFER AGENT  
AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA  
Toronto, Ontario and Montreal, Quebec

AUDITORS

SNYDER, CRAIG & Co.,  
Chartered Accountants  
330 Bay Street  
Toronto, Ontario

HEAD OFFICE

Suite 908 - 330 Bay Street  
Toronto, Ontario

SATELLITE METAL MINES LIMITED

# Satellite Metal Mines Limited

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## *Directors' Report*

### TO THE SHAREHOLDERS:

The Balance Sheet and related financial statements of the Company and notes relative thereto for the year ended December 31st, 1966, and the Report of the Auditors are submitted for your consideration.

The Company was active during 1966, with exploration functioning in the Provinces of Manitoba, New Brunswick, Ontario and Quebec. A brief resume of work carried out and as proposed for the 1967 field season follows:

#### **Northbrook, Ontario:**

An interesting looking gold - base metal prospect near Northbrook, Ontario, was examined in the spring of the year but when consistent ore grade values could not be obtained after careful sampling of a large number of trenches, no further action was taken in connection with this prospect.

#### **Shakespeare Township, Ontario:**

The Company entered into an option agreement with Delcan Minerals Limited during the early part of 1966 covering a property in Shakespeare Township, near Webbwood, Ontario, upon which a uranium occurrence had been reported a number of years ago. Check work with a ground scintillation counter and brief reconnaissance with an airborne unit indicated widespread radio-activity in a belt of Pre-cambrian sediments lying in close proximity to a granite contact. As a result an additional 25 unpatented mining claims were acquired to protect the strike extension on the property held under option. Follow-up trenching and diamond drilling proved the radio-activity to be largely caused by thorium rather than uranium and it was recommended that the option be cancelled and abandoned. The 25 unpatented mining claims are retained by the Company for further study.

#### **Miscellaneous Prospects — Ontario:**

A number of base metal prospects covering areas in scattered parts of Ontario were examined during the summer of 1966. Examinations thereon proved inconclusive and no further actions were taken pertaining to the areas covered.



### **Southern Manitoba:**

A large area along the west side of Lake Winnipeg was covered by a reconnaissance soil sampling programme in the hope of locating a lead-zinc bearing horizon in Palaeozoic sedimentary rocks. The results of the work carried out by the Company were largely negative and no follow-up on this area was undertaken.

### **Lawson Siding, New Brunswick:**

A group of 50 mining claims situated in the Lawson Siding and Portage River areas of New Brunswick were acquired by the Company early in 1966 by staking, following an electromagnetic airborne survey in 1965. The claims were originally staked to cover anomalies resulting from the airborne geophysical surveys, and following ground checking the claims were allowed to lapse as being of no economic interest. The anomalies were found to be caused by either barren sulphide bodies or graphitic schists.

### **Mining License, Parish of Northesk, New Brunswick:**

The Company continued its exploratory work on the area covered by its Mining License located in the Parish of Northesk in the County of Northumberland, New Brunswick, adjoining the property of Heath Steele Mines Ltd.

During the latter part of 1965 an orientation Induced Polarization survey was carried out on a part of the area covered by the Mining License and this work involved a total of approximately one mile of surveying. A diamond drilling programme was started in January and completed in March, 1966. The drilling was based upon the results of the Induced Polarization survey, the former geophysical work and geology. A total of nine holes or 5,650 feet were drilled. Eight of such holes were on an anomaly to the west and one on an anomaly to the east.

Sulphide mineralization mainly in the form of pyrite and pyrrhotite was obtained in all holes. However, no economic values in base metals were obtained.

To simplify the geological environment on this property, there is a wedge of sheared porphyry striking across the northeast corner of the claim group in a southeast direction. This porphyry thins as it goes southeast. It has a southwest dip in the neighbourhood of 70 to 80 degrees. Both contacts of the porphyry are gradational with chlorite schist. The chlorite schist is mineralized at the contacts over widths as much as 200 feet. This sulphide mineralization (mainly pyrrhotite) is the cause of both the east and west geophysical anomalies.

One hole intersected significant although sub-economic values in zinc. This hole is at the south end of the east anomaly. The holes drilled in the west anomaly yielded only scattered values in zinc, lead and copper. Further work on the property will be concentrated on the east anomaly.

### **Baie Johan Beetz Area, Quebec:**

During the early part of 1967 a group of 50 claims were acquired by the Company by staking for staking costs of \$3,483.84 situate in the Township of Desherbiers, and projected

Township 1075, in favourable formation in the new Johan Beetz uranium area along the north shore of the Gulf of St. Lawrence, some 450 miles northeast of Quebec City. In this area, consistent ore grade values in uranium oxide are reported to occur in a large granite stock. Due to the winter snow cover little actual investigation of the occurrence has been possible. It is proposed to commence a major exploration programme which will include a radiation survey to be followed up by ground geophysics to assess the potential of the ground.

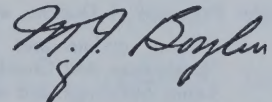
**General:**

The Company retains in good standing its mining property at Montauban les Mines in the Province of Quebec, comprising an area of approximately 760 acres. No decision has as yet been made in regard to the re-opening of this mine for production.

The other mining properties held by the Company in the Provinces of New Brunswick and Ontario are also retained in good standing.

During 1966, your Company sold 600,000 shares of its capital stock for the cash consideration of \$160,000.00 and, issued and delivered 50,000 shares for mining claims and an option on mining claims at a book value of \$5,000.00.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "M.J. Boyle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President.

Toronto, Ontario.  
April 17, 1967.



# Satellite Meta

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## Balance Sheet —

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### ASSETS

	1966	1965
<b>CURRENT</b>	\$	\$
Cash .....	13,834	77
Accounts receivable .....	9,740	—
Prepaid expense .....	790	1,327
	<u>24,364</u>	<u>1,404</u>
<b>INVESTMENTS</b>		
Shares of other mining companies having a quoted market value, at cost (Note 1) (Quoted market value \$13,655) .....	64,890	64,677
Shares of other mining companies, at cost .....	7,978	7,978
	<u>72,868</u>	<u>72,655</u>
<b>FIXED</b>		
In the Province of Quebec, at cost:		
18 Mining claims and 1 mining concession in the Townships of Montauban and Chavigny .....	671,606	671,606
Land, buildings and equipment .....	424,749	424,749
In the Province of New Brunswick, at cost:		
1 Mining license in the Parish of Northesk, County of Northumberland	21,371	21,371
In the Province of Ontario:		
25 Unpatented mining claims at cost and 17 acres of surface land at nominal value in the Townships of Shakespeare and Hallam, Sudbury Mining Division .....	4,938	—
1 Patented mining claim in the Bad Vermillion Lake area, Fort Frances Mining Division, at nominal value .....	1	1
	<u>1,122,665</u>	<u>1,117,727</u>
<b>MISCELLANEOUS AND DEFERRED</b>		
Material and supplies on hand, at cost .....	18,673	18,673
Mine development, mine overhead and administrative expenses .....	1,371,012	1,299,565
	<u>1,389,685</u>	<u>1,318,238</u>
	<u>2,609,582</u>	<u>2,510,024</u>

Approved on behalf of the Board,

M. J. BOYLEN, Director.

G. L. MOORE, Director.

# Lines Limited

(Incorporated in the Province of Ontario)

December 31st, 1966

(For the year ended December 31st, 1965)

## LIABILITIES

CURRENT	1966 \$	1965 \$
Accounts payable and accrued liabilities .....	457	14,004

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

#### Authorized:

5,000,000 Shares of \$1 par value ..... \$5,000,000

#### Issued: (Note 2)

3,752,511 Shares ..... 3,752,511 3,102,511

Less: Discount thereon ..... 1,985,000 1,500,000

1,767,511 1,602,511

### CONTRIBUTED SURPLUS

Balance, end of year, unchanged ..... 1,434,029 1,434,029

3,201,540 3,036,540

### DEFICIT

Balance, beginning of year ..... 540,520 492,345

Add: Mining properties and option written off ..... 5,242 28,198

Development expenses on mining properties written off ..... 35,724 19,977

Outside exploration ..... 10,929 —

Balance, end of year ..... 592,415 540,520

2,609,125 2,496,020

The Notes Attached Form An Integral Part of These Financial Statements.

2,609,582 2,510,024

Submitted with our Report to the Shareholders dated April 14th, 1967.

SNYDER, CRAIG & CO.

Chartered Accountants.

**SNYDER, CRAIG & CO.**

CABLE ADDRESS "JNOCRAIG"  
TELEPHONE EMPIRE 6-9444

CHARTERED ACCOUNTANTS

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330 BAY STREET

TORONTO  
CANADA

To the Shareholders of

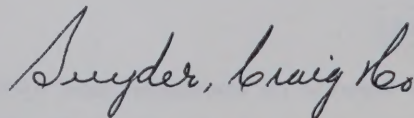
SATELLITE METAL MINES LIMITED,

Toronto, Ontario.

We have examined the Balance Sheet of Satellite Metal Mines Limited as at December 31st, 1966, the Statement of Mine Development, Mine Overhead and Administrative Expenses for the year ended on that date and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No physical count of materials and supplies has been made since 1962, but a full-time watchman is maintained on the company's mining property near Montauban les Mines, Quebec. We have made no independent verification of this asset shown on the Balance Sheet at a cost of \$18,673. We are unable to express an opinion on the value of the buildings and equipment shown on the Balance Sheet at cost. No provision for depreciation or obsolescence has been made in the accounts for these assets which were acquired during the years 1951, 1952 and 1953.

Subject to the above limitations, in our opinion, the attached Balance Sheet, Statement of Mine Development, Mine Overhead and Administrative Expenses, and Notes to the Financial Statements present fairly the financial position of the company as at December 31st, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

April 14th, 1967.



# Satellite Metal Mines Limited

## STATEMENT OF MINE DEVELOPMENT, MINE OVERHEAD AND ADMINISTRATIVE EXPENSES

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966 \$	1965 \$
Balance, beginning of year .....	1,299,565	1,304,559
<b>MINE DEVELOPMENT EXPENSES</b>		
Assays .....	582	—
Consulting fees .....	1,635	—
Diamond drilling .....	59,045	—
Geophysical surveys .....	9,751	489
Line cutting .....	5,059	—
Maps and blueprints .....	1,245	—
Surface exploration .....	15,800	2,500
	93,117	2,989
Less: Development expenses on mining properties abandoned transferred to Deficit .....	35,725	19,977
	57,392	( 16,988)
<b>MINE OVERHEAD EXPENSES</b>		
Fire protection, watchman and other shutdown expenses .....	3,896	3,717
Mining licenses .....	1,046	351
Property taxes .....	3,559	4,858
	8,501	8,926
Less: Refund of deposit in lieu of work in preceding year .....	—	1,009
	8,501	7,917
<b>ADMINISTRATIVE EXPENSES</b>		
Legal and audit .....	1,000	300
Corporation taxes .....	145	86
Directors' fees .....	1,400	—
Filing fees .....	735	35
General expense .....	111	14
Head office administration .....	1,200	1,650
Listing and sustaining fees .....	200	200
Office stationery and supplies .....	930	472
Postage, telephone and telegraph .....	1,389	191
Reports to shareholders .....	584	286
Transfer agent and registrar fees .....	1,257	843
	8,951	4,077
Less: Interest earned .....	3,397	—
	5,554	4,077
Balance, end of year .....	1,371,012	1,299,565

# Satellite Metal Mines Limited

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966	1965
SOURCE OF FUNDS	\$	\$
Issue of capital stock .....	165,000	—
APPLICATION OF FUNDS		
Investment in shares of another mining company .....	213	—
Acquisition of mining properties .....	7,379	—
Option costs on mining property .....	2,800	—
Mine development, mine overhead and administrative expenses .....	107,172	14,983
Outside exploration .....	10,929	—
	<u>128,493</u>	<u>14,983</u>
Resulting in an increase (decrease) in working capital of .....	36,507	( 14,983)
Working capital, beginning of year .....	( 12,600)	2,383
Working capital, end of year .....	<u>23,907</u>	<u>( 12,600)</u>

## NOTES TO FINANCIAL STATEMENTS

December 31st, 1966

- Included in the investments are 300,000 shares of Beauce Placer Mining Company Limited costing \$60,000 (quoted market value \$12,000) which may not be sold without the prior consent of the Quebec Securities Commission.

- The following shares of capital stock were issued during the year:

For cash .....	600,000 shares for \$ 160,000
For mining claims and option .....	50,000 shares for 5,000
	<u>650,000</u> <u>\$ 165,000</u>

- Subsequent to the date of the Balance Sheet the following mining claims were acquired for staking costs of \$3,483.83.

30 claims in the Township of Desherbiers and  
20 claims in projected township 1075  
all in the Electoral District of Duplessis,  
Province of Quebec.





